



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Financial Statement Audit

Department of Economic Security

Division of Developmental
Disabilities ALTCS Contract
Year Ended June 30, 2002



Debra K. Davenport
Auditor General

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State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Report on Audit of Financial Statements
June 30, 2002

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**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

John L. Clayton, Director
Department of Economic Security

We have audited the accompanying financial statements of the State of Arizona, Department of Economic Security, Division of Developmental Disabilities, ALTCS Contract as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the Department and its Division of Developmental Disabilities' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Department of Economic Security, Division of Developmental Disabilities, ALTCS Contract's financial statements are intended to present the financial position and changes in financial position of only that portion of the governmental activities and major fund activity of the State that is attributable to the transactions of the Department of Economic Security, Division of Developmental Disabilities, ALTCS Contract. They do not purport to, and do not, present fairly the financial position and changes in financial position of the State in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department of Economic Security, Division of Developmental Disabilities, ALTCS Contract as of June 30, 2002, and the changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the State of Arizona adopted the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, for the year ended June 30, 2002, to implement a new financial reporting model.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Department of Economic Security, Division of Developmental Disabilities, ALTCS Contract taken as a whole. The accompanying financial information listed as supplementary schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Debbie Davenport
Auditor General

September 27, 2002

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Balance Sheet—Special Revenue Fund
June 30, 2002

Assets	
Cash and investments held by the State Treasurer	\$56,580,859
Due from other state funds	<u>505,813</u>
Total assets	<u>\$57,086,672</u>
Liabilities and Fund Balance	
Liabilities:	
Accrued administrative and payroll costs	\$ 1,804,458
Accrued medical and healthcare claims	35,608,528
Due to other state funds	<u>8,839,011</u>
Total liabilities	<u>46,251,997</u>
Unreserved fund balance	<u>10,834,675</u>
Total liabilities and fund balance	<u>\$57,086,672</u>

See accompanying notes to financial statements.

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Statement of Revenues, Expenditures, and Changes in
Fund Balance—Special Revenue Fund
Year Ended June 30, 2002

Revenues:	
Capitation	\$380,298,024
Ventilator dependent	7,024,366
Fee for service	198,655
Interest	<u>2,502,707</u>
Total revenues	<u>390,023,752</u>
Expenditures:	
Aid to individuals	337,077,021
Allocated administrative expenditures	25,932,386
Case management	18,620,615
Professional and outside services	<u>4,899,127</u>
Total expenditures	<u>386,529,149</u>
Excess of revenues over expenditures	3,494,603
Other financing uses:	
Transfers to other state funds	<u>(12,054,000)</u>
Excess of expenditures and other financing uses over revenues	(8,559,397)
Fund balance, July 1, 2001	<u>19,394,072</u>
Fund balance, June 30, 2002	<u>\$ 10,834,675</u>

See accompanying notes to financial statements.

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Notes to Financial Statements
June 30, 2002

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Department of Economic Security, Division of Developmental Disabilities, ALTCS Contract conform to U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board.

During the year ended June 30, 2002, the State of Arizona implemented GASB Statement No. 34, as amended by GASB Statement No. 37, which prescribes a new reporting model for state and local governments. The State of Arizona also implemented GASB Statement No. 38, which prescribes new and revised note disclosures. However, the new reporting model essentially had no impact on the ALTCS Contract financial statements.

A summary of the Division's more significant accounting policies follows.

A. Reporting Entity

For financial reporting purposes, the Department of Economic Security, Division of Developmental Disabilities includes those portions of the State of Arizona's General Fund that are controlled by the Department of Economic Security. Further, the Division's ALTCS Contract includes those portions of the Department of Economic Security's General Fund that are controlled by the Division of Developmental Disabilities. Control by the Division of Developmental Disabilities was determined on the basis of accountability. Fiscal responsibility for the Division remains with the Department of Economic Security and, ultimately, with the State of Arizona. The Division of Developmental Disabilities is a contractor with the Arizona Health Care Cost Containment System (AHCCCS) to provide healthcare services to eligible enrollees of the AHCCCS Arizona Long-Term Care System (ALTCS) program for the developmentally disabled. This program provides inpatient and outpatient medical and nursing services in addition to managed institutional and home- and community-based long-term care services to eligible enrollees of the AHCCCS ALTCS program. The Division receives monthly premiums from the AHCCCS for all eligible enrollees under the AHCCCS ALTCS program for the developmentally disabled.

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Notes to Financial Statements
June 30, 2002

B. Fund Accounting

The Division's accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the Division's available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

The ALTCS Contract's financial transactions are recorded and reported using the flow of current financial resources measurement focus as a special revenue fund since the proceeds are from specific revenue sources that are legally restricted to expenditures for specified purposes.

Although the ALTCS Contract is considered a special revenue fund when reported on individually, it becomes a part of the State of Arizona's General Fund at the combined statewide level.

C. Basis of Accounting

The financial statements of the ALTCS Contract are presented on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance current-period expenditures. Expenditures are recognized when the related fund liability is incurred.

All ALTCS Contract revenues were susceptible to accrual.

D. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Notes to Financial Statements
June 30, 2002

Note 2 - Cash and Investments Held by the State Treasurer

Cash and investments held by the State Treasurer represent the ALTCS Contract's portion of monies deposited with the State Treasurer. The Treasurer invests idle monies, on a pool basis, and distributes interest monthly to the participating funds or programs based on their average daily balances. The ALTCS Contract's portion is not identified with specific investments and is not subject to custodial credit risk. The ALTCS Contract's portion of these deposits and investments is reported at fair value.

Note 3 - Due from Other State Funds

Amounts due from other state funds at June 30, 2002, include \$147,820 of interest earned and \$357,993 of capitation receivables due from the AHCCCS.

Note 4 - Accrued Medical and Healthcare Claims

Accrued medical and health care claims totaling \$35,608,528 include reported but unpaid claims (RBUC) of \$518,360 and estimated incurred but not reported (IBNR) medical claims of \$35,090,168. The RBUCs include medical services only. The automated claims payment system for all other types of services was unable to distinguish between RBUCs and IBNR claims. Therefore, the RBUC claims for these services have been reported as IBNR.

Note 5 - Acute Care Reinsurance

During the year ended June 30, 2002, the Division received reimbursements totaling \$1,902,041 from the AHCCCS for acute care reinsurance expenditures incurred for enrollees for claims incurred in prior fiscal years. These receipts are recorded as a reduction of aid to individuals expenditures.

The Division subcontracts with various health plans to provide acute care services to ALTCS enrollees. These health plans must submit clean reinsurance claims to the Division within 12 months from the date of service.

The Division disbursed a total of \$2,125,293 to the health plans during the year ended June 30, 2002, and had RBUCs of \$153,196 and IBNR claims of \$1,975,910 for total acute care reinsurance expenditures of \$4,254,399, which has been included in aid to individuals expenditures.

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Notes to Financial Statements
June 30, 2002

Note 6 - Aid to Individuals Expenditures

Aid to individuals expenditures consists of the following expenditures summarized by type of service setting or service provided, as applicable.

Institutional care:	
Skilled nursing	\$ 2,449,492
Intermediate (mentally retarded)	12,701,867
Institutional care IBNR	<u>1,462,706</u>
Total institutional care	<u>16,614,065</u>
Home- and community-based services (HCBS):	
State-operated group home	4,525,468
Vendor-operated group home	108,496,749
Adult developmental home	8,279,257
Home-based services	109,264,235
HCBS IBNR	<u>29,215,376</u>
Total HCBS	<u>259,781,085</u>
Acute care:	
Acute care	\$ 48,961,668
Acute care RBUC	284,087
Acute care IBNR	1,069,451
Reinsurance	2,125,293
Reinsurance RBUC	153,196
Reinsurance IBNR	<u>1,975,910</u>
Total acute care prior to reimbursement	54,569,605
Reinsurance reimbursement	<u>(1,902,041)</u>
Total acute care	<u>52,667,564</u>
Other:	
Mental health	54,173
Ventilator dependent (including non-acute and acute care)	6,512,332
Other RBUC (ventilator dependent acute care)	81,077
Other IBNR (ventilator dependent including non-acute and acute care)	<u>1,366,725</u>
Total other	<u>8,014,307</u>
Total aid to individuals expenditures	<u>\$337,077,021</u>

During the year ended June 30, 2002, the ALTCS Contract recorded allocated charges of \$13,147,632 as expenditures for direct care services provided to clients by the Division of Developmental Disabilities. The expenditures were charged to the ALTCS Contract based on a federally-approved cost allocation plan.

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Notes to Financial Statements
June 30, 2002

Note 7 - Allocated Administrative Expenditures

During the year ended June 30, 2002, the Division of Developmental Disabilities, ALTCS Contract recorded allocated administrative charges of \$25,932,386 as expenditures for its share of services provided by the Department.

Note 8 - Transfers to Other State Funds

Transfers out during the year ended June 30, 2002, included \$2,660,000 to the Long-Term Care program and \$9,394,000 to the State General Fund as mandated by Laws 2001, Chapter 4, Section 1.

Note 9 - Commitments and Contingencies

The State of Arizona has the ultimate fiscal responsibility for the ALTCS Contract. Accordingly, any claims requiring additional resources require the Arizona State Legislature's approval. While there is a possibility that claims could be asserted that would require additional resources to become available to the ALTCS Contract, in management's opinion, the possibility that valid claims will be asserted and their amounts cannot reasonably be estimated.

Note 10 - Risk Management

The Division is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; and natural disasters. The Department is a participant in the State's self-insurance program, and in the opinion of the Division's management, any unfavorable outcomes from these risks would be covered by that self-insurance program. Accordingly, the Department has no risk of loss beyond adjustments to future years' premium payments to the State's self-insurance program. All estimated losses for unsettled claims and actions of the State are determined on an actuarial basis and are included in the *State of Arizona Comprehensive Annual Financial Report*.

Note 11 - Related Party Transactions

The ALTCS Contract reimbursed the Division of Developmental Disabilities for services provided to enrollees, as applicable. See the accompanying supplementary schedule, Related Party Transactions, for details.

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Notes to Financial Statements
June 30, 2002

Note 12 - Retirement Plan

Plan Description—The Division contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

Funding Policy—The Arizona State Legislature establishes and may amend active plan members' and the Division's contribution rate. For the year ended June 30, 2002, active plan members and the Division were each required by statute to contribute at the actuarially determined rate of 2.49 percent (2.00 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The Division's contributions to the System for the years ended June 30, 2002, 2001, and 2000, were \$884,303, \$843,337, and \$771,613, respectively, which were equal to the required contributions for the year.

Supplementary Schedules

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Medical Claims Payable (RBUCs and IBNRs)
June 30, 2002

Account	Reported But Unpaid Claims (RBUCs)				Total RBUCs (1)	IBNR (1)	Total RBUCs and IBNRs
	1-30 days	31-60 days	61-90 days	Over 90 days			
Institutional care						\$ 1,462,706	\$ 1,462,706
HCBS						29,215,376	29,215,376
Acute care	\$257,031	\$16,101	\$ 6,359	\$4,596	\$284,087	1,069,451	1,353,538
Other medical (2)	<u>115,946</u>	<u>26,576</u>	<u>87,786</u>	<u>3,965</u>	<u>234,273</u>	<u>3,342,635</u>	<u>3,576,908</u>
Total claims payable	<u>\$372,977</u>	<u>\$42,677</u>	<u>\$94,145</u>	<u>\$8,561</u>	<u>\$518,360</u>	<u>\$35,090,168</u>	<u>\$35,608,528</u>

(1) The RBUCs amount represents claims reported but not paid by the Division as of June 30, 2002. The remaining estimated medical claims payable are considered incurred but not reported (IBNR) claims.

(2) Other medical represents ventilator dependent payables.

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Analysis of Profitability by Major Rate Code Classification
Year Ended June 30, 2002

Revenues/Expenditures	Medicare	Non-Medicare	Total
Revenues:			
Capitation	\$20,521,065	\$366,999,980	\$387,521,045
Interest	<u>132,530</u>	<u>2,370,177</u>	<u>2,502,707</u>
Total revenues	<u>20,653,595</u>	<u>369,370,157</u>	<u>390,023,752</u>
Expenditures:			
Institutional care expenditures:			
Skilled nursing	557,217	2,155,855	2,713,072
Intermediate (mentally retarded)	<u>1,762,619</u>	<u>12,138,374</u>	<u>13,900,993</u>
Total institutional care	<u>2,319,836</u>	<u>14,294,229</u>	<u>16,614,065</u>
Home- and community-based services (HCBS) expenditures:			
Group homes—state operated	265,487	4,938,230	5,203,717
Group homes—vendor operated	6,365,063	118,394,498	124,759,561
Assisted living center	484,542	9,012,803	9,497,345
Other	<u>6,138,587</u>	<u>114,181,875</u>	<u>120,320,462</u>
Total HCBS	<u>13,253,679</u>	<u>246,527,406</u>	<u>259,781,085</u>

(Continued)

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Analysis of Profitability by Major Rate Code Classification
Year Ended June 30, 2002
(Continued)

Revenues/Expenditures	Medicare	Non-Medicare	Total
Acute care expenditures:			
Acute care	<u>\$ 8,056,615</u>	<u>\$ 46,512,990</u>	<u>\$ 54,569,605</u>
Total acute care	<u>8,056,615</u>	<u>46,512,990</u>	<u>54,569,605</u>
Other medical expenditures:			
Mental health	6,166	48,007	54,173
Ventilator dependent (including non-acute and acute care)	<u>906,032</u>	<u>7,054,102</u>	<u>7,960,134</u>
Total other medical	<u>912,198</u>	<u>7,102,109</u>	<u>8,014,307</u>
Reduction to medical expenditures:			
Reinsurance	<u>280,816</u>	<u>1,621,225</u>	<u>1,902,041</u>
Total reduction to medical expenditures	<u>280,816</u>	<u>1,621,225</u>	<u>1,902,041</u>
Total medical expenditures	<u>24,261,512</u>	<u>312,815,509</u>	<u>337,077,021</u>
Administrative expenditures:			
Allocated administrative expenditures	1,333,961	24,598,425	25,932,386
Case management	957,844	17,662,771	18,620,615
Professional and outside services	<u>252,010</u>	<u>4,647,117</u>	<u>4,899,127</u>
Total administrative	<u>2,543,815</u>	<u>46,908,313</u>	<u>49,452,128</u>
Total expenditures	<u>26,805,327</u>	<u>359,723,822</u>	<u>386,529,149</u>
Gain (loss) from operations	<u>(\$ 6,151,732)</u>	<u>\$ 9,646,335</u>	<u>\$ 3,494,603</u>

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Utilization Data Report
Year Ended June 30, 2002

	<u>Medicare</u>		<u>Non-Medicare</u>		<u>Total</u>	
	<u>Current</u>	<u>YTD</u>	<u>Current</u>	<u>YTD</u>	<u>Current</u>	<u>YTD</u>
A. Enrollees	743		12,728		13,471	
B. Member Months	2,213	8,125	37,710	145,308	39,923	153,433
Institutional total	99	383	573	2,200	672	2,583
1. Class 2 and 3	34	145	159	561	193	706
2. Intermediate care facility— mentally retarded	65	238	414	1,639	479	1,877
Home- and community-based services total	2,091	7,658	36,964	142,444	39,055	150,102
1. Group home	496	1,940	5,531	21,831	6,027	23,771
2. Adult developmental day	97	386	757	2,984	854	3,370
3. Home-based services	1,178	4,171	24,209	96,220	25,387	100,391
4. Other (case managed only)	320	1,161	6,467	21,409	6,787	22,570
C. Ventilator dependent	24	84	171	654	195	738
D. Acute patient day information						
1. Admissions	82	227	433	1,291	515	1,518
2. Patient days	398	1,010	2,230	5,831	2,628	6,841
3. Discharges	83	227	441	1,283	524	1,510
4. Discharge days	443	1,015	2,243	5,704	2,686	6,719
5. Average length of stay	5.34	4.47	5.09	4.45	5.13	4.45

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Related Party Transactions
Year Ended June 30, 2002

<u>Related Party and Relationship</u>	<u>Service Provided</u>	<u>Description of Transactions or Payment Terms Agreement</u>	<u>Amount</u>
Department of Economic Security, Division of Developmental Disabilities, Intermediate Care Facility/Mentally Retarded, State Facilities	Health and rehabilitative services and administrative costs	Allocated by Title XIX case management time reporting and member days count	\$ 6,787,350
Department of Economic Security, Division of Developmental Disabilities, State-Operated Group Homes, State Facilities	Health and rehabilitative services and administrative costs	Allocated by Title XIX case management time reporting and member days count	5,440,448
Department of Economic Security, all other divisions	Administrative and fiscal services	Allocated departmental overhead costs	25,932,386

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Lag Report for Institutional Care Payments
Year Ended June 30, 2002

Quarter in which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$3,179,367	\$ 859,155	\$ 46,019	\$ 6,492				\$ 4,091,033
1 st Prior		3,176,684	860,595	14,588	\$ 1,496	\$ 838	\$ 1,008	4,055,209
2 nd Prior			3,196,148	838,745	16,686	3,275	5,260	4,060,114
3 rd Prior				3,062,280	839,030	52,671	27,381	3,981,362
4 th Prior					3,233,993	953,703	75,845	4,263,541
5 th Prior						2,783,615	998,955	3,782,570
6 th Prior							<u>2,916,489</u>	<u>2,916,489</u>
Total	<u>\$3,179,367</u>	<u>\$4,035,839</u>	<u>\$4,102,762</u>	<u>\$3,922,105</u>	<u>\$4,091,205</u>	<u>\$3,794,102</u>	<u>\$4,024,938</u>	<u>\$27,150,318</u>
Expenses reported	4,035,476	3,887,619	3,902,241	4,788,729	4,638,513	3,579,458	3,696,283	28,528,319
Adjustment	<u>210,153</u>	<u>338,595</u>	<u>299,009</u>	<u>(759,043)</u>	<u>(547,308)</u>	<u>214,644</u>	<u>328,655</u>	<u>84,705</u>
Remaining liability	<u>\$1,066,262</u>	<u>\$ 190,375</u>	<u>\$ 98,488</u>	<u>\$ 107,581</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,462,706</u>

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Lag Report for Home- and Community-Based Services Payments
Year Ended June 30, 2002

Quarter in which Service Provided

<u>Quarter of Payment</u>	<u>Current</u>	<u>1st Prior</u>	<u>2nd Prior</u>	<u>3rd Prior</u>	<u>4th Prior</u>	<u>5th Prior</u>	<u>6th Prior</u>	<u>Total</u>
Current	\$42,575,672	\$23,484,720	\$ 558,380	\$ 284,812	\$ 110,123	\$ 69,827	\$ 37,831	\$ 67,121,365
1 st Prior		39,538,868	21,711,576	566,423	327,881	222,890	73,555	62,441,193
2 nd Prior			40,600,107	21,827,236	840,338	219,182	72,193	63,559,056
3 rd Prior				39,785,834	21,481,866	721,739	287,859	62,277,298
4 th Prior					38,133,503	20,796,511	952,178	59,882,192
5 th Prior						34,846,171	19,879,211	54,725,382
6 th Prior							35,275,154	35,275,154
Total	<u>\$42,575,672</u>	<u>\$63,023,588</u>	<u>\$62,870,063</u>	<u>\$62,464,305</u>	<u>\$60,893,711</u>	<u>\$56,876,320</u>	<u>\$56,577,981</u>	<u>\$405,281,640</u>
Expenses reported	67,136,367	67,563,983	62,164,486	62,916,249	58,582,338	53,740,222	52,866,438	424,970,083
Adjustment	<u>220,983</u>	<u>(2,467,269)</u>	<u>2,111,506</u>	<u>502,699</u>	<u>2,311,373</u>	<u>3,136,098</u>	<u>3,711,543</u>	<u>9,526,933</u>
Remaining liability	<u>\$24,781,678</u>	<u>\$ 2,073,126</u>	<u>\$ 1,405,929</u>	<u>\$ 954,643</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 29,215,376</u>

**State of Arizona
 Department of Economic Security
 Division of Developmental Disabilities
 ALTCS Contract
 Listing of Plan Officers and Directors
 Year Ended June 30, 2002**

<u>Name</u>	<u>Title</u>	<u>Other Relationship to Division</u>	<u>Type of Compensation</u>
Barber, Ron	Division of Developmental Disabilities, District II, Program Administrator	None	Salary
Brent, Barbara	Division of Developmental Disabilities, Deputy Assistant Director	None	Salary
Buse, Bob	Division of Technology Services, Deputy Assistant Director	Related Party	(1)
Clayton, John	Department of Economic Security, Director	Related Party	(1)
Coulson, Louette	Division of Developmental Disabilities, Managed Care Program Administrator	None	Salary
Genualdi, Andy	Division of Business and Finance Assistant Director	Related Party	(1)
Harmon, Robert	Superintendent, Arizona Training Program at Coolidge	None	Salary
Klaehn, Robert	Division of Developmental Disabilities, Medical Director	None	Salary
Laux, Patty	Division of Developmental Disabilities, District III, Program Manager	None	Salary
Lensch, Brian	Division of Developmental Disabilities, ALTCS Program Administrator	None	Salary
Mendoza, Nancy	Department of Economic Security, Deputy Director	Related Party	(1)
Nelson, Laura	Division of Developmental Disabilities, Medical Director	None	Salary

(Continued)

State of Arizona
Department of Economic Security
Division of Developmental Disabilities
ALTCS Contract
Listing of Plan Officers and Directors
Year Ended June 30, 2002
(Continued)

<u>Name</u>	<u>Title</u>	<u>Other Relationship to Division</u>	<u>Type of Compensation</u>
Rapoport, Ed	Division of Developmental Disabilities, Business Operations Administrator	None	Salary
Sikkema, Tim	Division of Developmental Disabilities, District VI, Community Program Administrator	None	Salary
Wagemann, Dianne	Division of Developmental Disabilities, District I, Program Administrator	None	Salary
Zaharia, Ric	Division of Developmental Disabilities, Assistant Director	None	Salary
Vacant	Division of Developmental Disabilities, District IV, Program Manager	None	Salary

(1) Compensation is paid by other divisions of the Department of Economic Security.